An Investigation of Cultural Cohesion and Value Divergence in a Community Bank

by

Bryce M. Payne

A PROJECT

submitted to

Oregon State University

University Honors College

in partial fulfillment of the requirements for the degrees of

Honors Bachelors of Science in Business Administration (Honors Scholar)
Honors Bachelors of Arts in Computer Science (Honors Scholar)
Honors Bachelors of Science in Computer Science (Honors Scholar)

Presented May 28, 1999
Commencement June 13, 1999
Interest in organizational culture has grown enormously over the last twenty years and much effort has gone into investigating the relationship between organizational culture and performance. Because most research to date has focused on large organizations, we chose to investigate the culture in a community bank undergoing a cultural transformation. We introduce the idea of 'cultural cohesion,' a concept related to 'strength,' but different in its focus on identifying specific cultural characteristics on which there is high or low cohesion. We also introduce a methodology for evaluating cultural value divergence. Through a survey instrument, we collected demographic information, employees' cultural values, perceptions of their managers' values and self-assessments of individual performance. No support was found for using cohesion as a predictor of individual performance, but many discoveries were made in terms of cultural values and cultural divergence. The organization most valued Integrity, Willingness and Teamwork. Employees are surprisingly accurate at perceiving what their managers value, but this does not mean they necessarily internalize those values. Supervisors tend to value Empowerment, but subordinates prefer Teamwork. Employees who came from other community banks had the lowest cultural divergence (highest level of cohesion). These findings have not been tested for statistical significance.
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Many people have contributed to this undertaking. I would like to thank all of the people over the past two years who so willingly listened to my ever-changing ideas for research topics, entertained my frequent brainstorming sessions and agreed to meet with me and listen to my proposals. This group includes a few professors, senior management at a couple banks in the Oregon market, my family and close friends. This thesis doesn’t look very much like my original proposal and even less like earlier ideas, in part due to the insightful and practical feedback.

In particular, I thank my mentors, Jim Nielsen and Kristi Lewis, without whom I could never have done this. I respect both of them greatly and am indebted for all that they have helped me to learn this year about research practices. I want to thank Bill Humphreys for his willingness to see me the first day I walked into Citizens Bank and for the many meetings we’ve had since. I have learned a lot from him as well. I also want to thank all of the members of Citizens Bank for being so receptive to my research efforts. I can only hope that they might learn half as much from this study as I did from interacting with them this year. Keep up the good work; it’s inspiring. I also want to extend thanks across the Atlantic to Colin Brown of The Management School at Lancaster University, England. Although I only had the privilege of one course with him, he gave me a love for learning and research that I’ll never forget.

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For my parents—thank you for everything.
The academic and practitioner literature is full of articles discussing organizational culture; there has been an explosion of interest since the early 1980s in this topic. We can understand part of this appeal by looking at the banking sector, one of the major adopters of the 'new culture.' The industry has in recent years experienced massive consolidation, the impact of new technologies, deregulation and increased competition from alternative financial services providers. There is much change in this once-staid industry and not every organization is going to be a winner. While some are trying to accomplish efficiencies and economies of scale to achieve a low-cost advantage, others are turning to culture for salvation.

Although trade journals frequently mention culture as a sort of 'holy grail' for the community banking sector, there has been surprisingly little academic research on organizational culture done in the context of community banks. Most organizational culture research that has been done in this sector has focused on large, money center financial institutions. For this reason, we have chosen to examine the organizational culture of a community banking organization.

This study examines the culture of a medium sized community bank, Citizens Bank, based in Corvallis, Oregon, USA. This bank is an interesting subject of study because it introduced a new culture three years ago and the organization is still, to some degree, in transition. This study aims to identify the organization’s culture and then measure the level of cultural cohesion that exists within the organization today, three years after a major cultural campaign was launched. We define ‘cultural cohesion’ to be a measurement of the degree to which all employees in an organizational grouping identify and value the same cultural characteristics. At some level, the logical underpinnings for this idea come from the literature on
‘strong’ culture. We make a critical distinction between ‘strength’ and ‘cohesion,’ however. Strength is usually understood to be a measure of the extent to which organizational members agree with the organizational culture as a whole. We are more interested in this study in the identification of those cultural characteristics on which there is high cohesion or low cohesion. We examine the cohesion of the entire corporate organization as well as smaller logical units, divided along functional and demographic lines.

Additionally, we introduce a methodology for assessing cultural value divergence between an enumerated leadership team and the organizational members. With this, we attempt to investigate the relationship between cultural value divergence, which one can understand as the inverse of cultural cohesion, and individual performance. Before we proceed, let us issue a disclaimer: None of the results claimed herein have been tested for statistical significance. Having said that, let us now introduce the banking organization to provide a context for our study.

About Citizens Bank

Citizens Bank was founded in 1957 and is based in Corvallis, Oregon, USA. A community bank, it services small and medium sized businesses, farmers, individuals and professionals across the Mid-Willamette Valley through seven branch offices. Medium sized, its total assets in 1998 were $233 million, an increase from a 1995 level of $162 million. The current CEO describes the organization’s new strategy this way, “to be the best independent community bank in the Northwest over the long term. Best in terms of most financially sound, most risk free, most shareholder value, happiest and healthiest people, and healthy communities that it has helped get that way” (Humphreys, 1999). Approximately three years ago, the Board recognized the organization needed fresh leadership and a new CEO was brought in from another community bank. What follows is a summary of the bank’s state three years ago, before the current culture was introduced.
Financial Condition

Overall, the bank was healthy financially and sound, but at a much greater risk than today. It was profitable, but little of the profit was being reinvested in technology, human resources, market development or products. Instead, profits generated retained earnings, which were being paid out in the form of cash dividends to shareholders.

Three years ago, Citizens Bank's performance was well below peer and considered significantly below potential for the bank in its marketplace. Return on average assets (ROAA) was between 1.2% and 1.4% when other banks in its peer group were returning 1.7% to 1.9%. Return on average equity (ROAE) told the same story: 12.5% to 15% compared to 16% to 19% for peers. The market value of the stock reflected this poor performance. The market value of the stock three years ago was 1.6 times book. At that time, most of the better banks were selling their stock at about 2.5 times book. Today, Citizens Bank's market is 3.2 times book. Return on average assets and return on average equity have improved dramatically over the past three years: for 1998 ROAA was 1.85% and ROAE was 18.7%.

Position in Marketplace

Three years ago, before the change in leadership and new culture, Citizens Bank was losing market share and its total deposits and assets were shrinking. In the five years prior to 1995, the only growth the bank experienced was from the acquisition of Tri-County Bank in Junction City, Oregon. In the past three years, the bank has increased its deposit totals by 52%. This was done without acquisition, by developing relationships with many more customers. The bank has also opened two new full service branches, whereas the bank had opened none in the ten years prior to 1996.
While the products and services offered by the bank have not changed much over the past three years, Citizens Bank has changed the way they are delivered to the customer. They have taken the time to get to know their customers and to build relationships. This has allowed them to hold loan interest rates higher in a falling rate environment, and accelerate the reduction of deposit rates in the same environment, resulting in higher net interest margins.

**Organizational Structure**

The old management group was challenged by new regulations, which seemed more difficult because they had developed a poor relationship with the regulators. They had a hard time with recruitment of new people, because their reputation for treating people was not good and the industry was well aware. They were a tired organization, because management was tired, so things seemed more difficult. Employee morale was quite low because of a top-down, very directive style of management, lower than market wages and a general sense among the workers that the bank would be sold in a shareholder attempt to increase earnings and management performance.
Overview of Organizational Culture Concept and Link to Performance

The concept of organizational culture is a relatively new addition to the organization sciences. It is generally agreed that the study of organizational culture began in the 1970s, though some suggest precursors to it. Alvesson and Berg (1992) provide a good overview of the growth of the field, pointing out contributions from as early as the 1940s and 1950s. According to Kotter and Heskett (1992), the first scholarly treatment of the concept was done by Pettigrew (1979). Interest in the concept has grown tremendously over the past twenty years. A review of the number of published articles illustrates this. Barley et al. (cited in Alvesson & Berg, 1992), using a computer search based on six bibliographic databases, came up with a total of 192 papers on organizational culture published up to 1986. Alvesson and Berg (1992), using an ABI Inform database search in December, 1990, found 2,550 hits on "organizational culture" or "organizational symbolism." My own investigation in May, 1999 using Infotrac Business File ASAP found 881 results published between 1996 and 1999 for a query on "organizational culture" or "corporate culture."

There are a variety of explanations forwarded for this increased interest in organizational culture. Frost et al. (cited in Alvesson, 1993) suggests that it is a result of theoretical concerns. That is, traditional organizational research methods have proved incapable of providing realistic pictures of the objects of study. Smirchich (cited in Alvesson, 1993) contends that it is because culture is intuitively understood and, thus, popular. The productivity problems of Western societies relative to the Japanese also may have provided an incentive to consider organizational culture. Alvesson (1993) also suggests this interest is a by-product of technological, social and organizational change. Kotter and Heskett (1992) point to the influential publication of four American books in the early 1980s (Deal & Kennedy, 1982; Ouchi, 1981; Pascale & Athos, 1982;
Peters & Waterman, 1982) as a critical turning point in the concept becoming mainstream. Hawkins (1997) concurs, singling out *In Search of Excellence* by Peters and Waterman (1982), which linked the status of being an excellent company with the organization's ability to create a strong unifying culture with a 'shared vision,' as the defining moment. The culture concept was rapidly adopted by management writers, journalists and management consultants soon after.

Culture appears frequently in practitioner's journals and has graced the covers of the mainstream business press as well (*BusinessWeek, Forbes, Fortune, etc.*). Today, it is common to find references to corporate culture in annual reports and other corporate documents, suggesting that companies have seriously attempted to integrate the concept of culture into their organizations.

There is not a universally accepted definition of 'organizational culture,' however. A review of even a few works will reveal significant variations in the definition of this term and even more so for 'culture.' This is likely due, at least in part, to the considerable diversity of backgrounds of authors publishing in this area and the differences in purpose and focus. A typical definition of culture given in the popular literature is "the collective beliefs, values and approaches that are shared among all levels of an organization—or what people do when no one is looking" (*Fortune* definition cited in Garmager & Shemmer, 1998). Academic literature strives for more precision, but often in conflicting ways. It is beyond the scope of this paper to fully summarize the many definitions of culture that exist. In reviewing a number of authors³, Langan-Fox and Tan (1997) distilled four core issues underlying the many definitions of organizational culture. These are: "(a) that it is stable and resistant to change; (b) that it is taken for granted and less consciously held; (c) that it derives its meaning from the organization's members; and (d) that it incorporates sets of shared understandings" (Online). Alvesson and Berg (1992) suggest that culture is interpreted in different ways and present four different perspectives: corporate culture, value and belief systems, cultural cognitivism and symbol systems (cultural artifacts). We are undertaking our research from a corporate culture perspective. This perspective is characterized by an emphasis on culture as a variable and an object of study that exists in the corporate reality.
rather than being a metaphor created by researchers to explain a phenomenon. A typical
definition of culture in this context is: "...the common philosophies, ideologies, values,
assumptions, perceptions, expectations, attitudes and norms which bind a group together."
(Kilmann et al., 1985 cited in Alvesson & Berg, 1992). This is the definition we will be using in
this study. Note that it does contain a behavioral component that some other perspectives include.

As Kotter and Heskett (1992) observe, nearly all books on corporate culture state or
imply a relationship to long-term economic performance. The popular business press, too, is rife
with this assertion. We consider one example here, though there are countless others. In naming
its 1997 "100 Best Companies to Work For in America," Fortune magazine suggests a close link
between intangible qualities such as culture and successful organizational performance. Until
recently, however, none of these assertions have been explicitly tested. Alvesson (1993)
summarizes the major empirical studies to date. Most efforts have focused on the so-called
strong-culture thesis, which he defines as the assumption that "commitment of an organization's
employees and managers to the same set of values, beliefs, and norms will have positive results—
that the 'strength' of 'corporate culture' is directly correlated with the level of profits in a
company" (p. 39). Another common hypothesis suggests the reverse relationship: that high
performance leads to the development of a 'strong' culture. A third variation assumes
contingency thinking and suggests the need for strategy, structure and culture to agree. The
problem with all of these, as Alvesson points out, is that they are extremely difficult to study.
Still, some efforts have been made. What are the findings? In a word, mixed. Siehl and Martin
(1990), after reviewing the existing studies and conducting their own, conclude that none of these
three hypotheses have gained significant empirical support. Calori and Sarnin (1991) confirm this
conclusion. There are some, however, that have claimed to find support for the strong-culture
theory (Gordon & DiTomaso, 1992). We now introduce one of the larger studies to date.

Between 1987 and 1991, Kotter and Heskett (1992) conducted four studies to determine
whether a relationship indeed exists between corporate culture and long-term economic
performance. Their first study considered strong cultures and examined the largest nine or ten firms in each of 22 different U.S. industries, including banking. Using a questionnaire survey, they constructed ‘cultural strength’ indices for the firms and compared this to calculated measures of performance for the companies for the period 1977-88. Three methods were used to assess performance: (1) average yearly increase in net income, (2) average yearly return on investment and (3) average yearly increase in stock price. In keeping with existing studies, they found little support for the theory that strong cultures create excellent performance, observing a weak correlation between strength of corporate culture and long-term economic performance. Follow up research concluded that “even contextually or strategically appropriate cultures will not promote excellent performance over long periods unless they contain norms and values that can help firms adapt to a changing environment” (p. 142). Clearly, more research needs to be done to better understand any relationship between culture and organizational performance.

Most research on organizational culture utilizes an idea of cultural ‘strength’ to test relationships between culture and other entities such as performance. Also referred to as the intensity or pervasiveness of a culture, the strength of an organizational culture is commonly regarded as “the degree to which organizational members agree with an organization’s culture or value system as a whole.” (Sathe, 1985; Wienver, 1988 cited in Langan-Fox & Tan, 1997, Online). It has been argued by Pettigrew (1979) (cited in Langan-Fox & Tan, 1997, Online) that strong cultures lead to desirable organizational outcomes. Wiener (1988) asserts, however that “the wrong values make the culture a major liability.” (cited in Alvesson, 1993, p. 28). Kilmann, Saxon, Serpa, et al. (1985) agree, arguing that “a culture has a positive impact on an organization when it points behavior in the right direction... Alternatively, a culture has a negative impact when it points behavior in the wrong direction” (cited in Alvesson, 1993, p. 28). Strong culture without direction, then, is a serious concern and little research has been found discussing how to assess the directive potential of culture. We defer this issue in our research by finding support in the literature (Zeitz, Johannesson & Ritchie Jr., 1997; Hawkins, 1997; Garmager & Shemmer,
1998; Callan, 1996; Bird, 1996) for our cultural characteristics, thus arguing the culture we are studying will point to behavior in the right direction.

Selected Current Organizational Culture Research

We now summarize some related research on organizational culture to give a context for our own study. Conceptual frameworks for the creation and change of organizational cultures have been suggested (Gagliardi, 1986; Hawkings, 1997) and O’Reilly III, Chatman and Caldwell (1991) have developed an instrument for assessing person-organization fit. Several studies have investigated survey instruments and their application to the study of organizational culture (Xenikou & Furnham, 1996; Maron & VanBremen, 1999; Zeitz, et al., 1997). Xenikou and Furnham’s research investigated how various questionnaires measure organizational culture and to what extent different conclusions might be drawn based on the instrument. We find this to be important research given that the use of organizational culture questionnaires is on the increase by both researchers and managers interested in corporate culture.

A few studies have attempted to investigate cultural transmission (Harrison & Carroll, 1991; Langan-Fox & Tan, 1997). Janice Langan-Fox and Philomena Tan (1997) attempted to measure general perceptions of a culture in transition in a government organization that had recently introduced a new quality of service culture. Their findings demonstrated progress in the direction of the new culture desired by management, with three active sub-cultures: those who had adopted the new culture, those who had partially adopted the new culture, and those who had not adopted it. Other studies have related organizational culture to total quality management (TQM), finding reliability on nearly all cultural dimensions (Zeitz, et al., 1997). Another study (Casey, 1999) examines the effects of organizational culture practices of ‘family’ and ‘team’ on the employees in organizations practicing TQM and argues against the conventional view that these practices empower employees. Still other investigations have looked at the impact of
demographic composition and cultural emphasis on work processes and outcomes (Chatman, Polzer, Barsade & Neale, 1998) or found an empirical relationship between length of service and organizational outcomes (Carroll & Harrison, 1998).

Chatman and Jehn (1994) considered the relationship between industry characteristics and organizational culture, finding that industry membership accounts for variance in culture patterns. Others have sought to identify the correct level at which to identify culturally significant units or study organizational sub-cultures (Hofstede et al., 1990; Hofstede, 1998). Perceptions of organizational culture have also been explored (Hofstede, 1998). A study of the relationship employees have with the corporate identity offers an interesting background for our own study. Noting that a key element of an organization’s identity is found in the values held by its employees, Balmer and Wilson (1998) found employees identify with more than one identity and also identify with non-corporate identities, such as their job function or department. This discovery begs the question: if employees don’t just associate with the corporate identity, is there any reason to assume they just associate with the corporate culture?

**Relevant Organizational Culture Research in the Banking Sector**

Research conducted in the banking sector has generally focused on the impact of culture on some output. Some have examined the impact of particular cultural characteristics. For example, a study by Harvard University’s Radcliffe Public Policy Institute and Fleet Financial Group indicates that increasing job flexibility can increase bank workers’ productivity and morale (cited in Moyer, 1998). Others have found a correlation between the quality of decisions and personality types (Bennet III, Pietri Jr. & Moak, 1998). Innovation, frequently considered a characteristic of the “new” culture, has attracted some interest with investigations of its relationship to structure (Sciulli, 1998) and its role in the market orientation–corporate performance relationship (Han, Kim & Srivastava, 1998). Nie (1997) looked at the relationship of
different functional groups within the bank, finding a positive relationship between goal
consensus of operations and marketing managers and organizational performance. Davis (1996)
studied supportive cultures and found them to mediate risk. Others distinguish between bank,
sales and credit cultures within the organization and find a focus on bank culture yields success
(Larr, 1998) or that sales culture should be growth-focused, not product-focused (Sucec, 1996).
Another study (Larr, 1998) examined the role of compensation within bank cultures and its
relationship to asset quality.

What we have been unable to find in the literature is any study conducted specifically in
the community banking sector focusing on organizational culture. Thus, this present study is
intended to build on the existing knowledge of the field and shed some light on the cultural
cohesion of a community banking organization three years after a major cultural change was
instituted.
METHODOLOGY

Data for the current study was obtained through the use of a survey instrument submitted to the entire staff of Citizens Bank. 128 questionnaires were mailed in all. The purpose of the survey was to gather basic demographic information, employee’s cultural values, perceptions of their managers’ cultural values and self-assessed ratings of their job and cultural behavior performance. A sample survey is included in Appendix B.

The survey was composed of four parts. The first part sought to gather demographic information. It asked about the respondent’s job function, role (supervisor/managerial responsibilities or not), years of service to the organization (to nearest year) and where the respondent came from (another community bank, a big bank or other). These would serve as the primary factors on which our analysis would be made.

The survey then asked the respondent to rank, from a list of eleven characteristics, the three cultural characteristics believed to be most important. These were to be indicated by a 1,2,3 rank indicating relative importance. In addition to this, the survey asked the respondent to consider his manager and select what he perceived to be her three most valued cultural characteristics, using the same 1,2,3 approach as before. The list of eleven characteristics was developed after extensive interviews with numerous individuals across the organization and the executive team. The final listing was reviewed by the bank’s CEO prior to the distribution of the survey. (See Appendix B for a listing of the cultural characteristics). Finally, the survey also asked the respondent to provide a self-assessment of his job performance and cultural behavior performance. Cultural behavior performance is a measure of the extent to which the individual internalizes, practices and promotes the organizational culture.

This information was then aggregated and analyzed by various factors. The analysis was done in two parts. First, the ranks were compared for each group based on demographics. That is, we compared, for example, the aggregate results of respondents in each job function to the other
functions. This was done for all the demographic factors. Then in the second part of the analysis, we sought to investigate any possible relationship between the self-assessed cultural behavior score and the degree of divergence of an employee’s cultural ranks compared to those of the identified leadership team. That is, we asked the question: do people who believe they understand the culture really understand it? We also investigated any possible relationship between an employee’s cultural value divergence and the self-assessed job performance score. Here we asked if the employee who understands the culture thinks he performs at a higher level than a peer who less accurately identifies the corporate culture. We will discuss the details of our analytical methodology when we present the results in the next section.
RESULTS & DISCUSSION

Responses were received from 91 employees, yielding a response rate of 71% (91/128). Of these, 71 responses or 55% of the total (78% of those received) were completed properly and able to be used for our analysis. Most of the surveys we had to remove were returned with all of the cultural characteristics rated a 1, 2 or 3, not just three characteristics. A preliminary analysis was done with these surveys included and it was decided that their inclusion skewed the results substantially. All results are hereafter based on those 71 responses, unless otherwise noted.

Employee Demographic Data

All functional groups were represented in the sample. The majority of respondents indicated their job function as Other. After Other, Administration, Lending and Operations were all represented on a fairly equal basis. A few respondents indicated two job functions and, in these situations, we relied upon the categorization offered by Human Resources records.

The responses included both Supervisors and Non-Supervisors. Supervisors represented slightly more than one-third of the total and Non-Supervisors made up just under two-thirds. The respondents were distributed across a wide range of years of service. About 52% of the respondents have been with the bank three years or less; the remainder have been there longer than three years (the critical dividing point in our analysis of Citizens Bank). Interestingly, the endpoints were especially well represented. That is, there were equal numbers of new employees (those with less than one year of service) and veterans with more than 15 years of experience. Each of these groups was 21% of the total.

Just 10% of the respondents came to Citizens Bank from another community bank. Nearly 30% had previously worked with a big bank. This leaves slightly over 60% that indicated some other type of previous employer or situation. For a bank, it is interesting that so few
employees—only two in five—report having any banking experience outside of Citizens Bank. A review of the positions held by this last group indicates a high concentration of tellers, clerks and administrative assistants. This perhaps helps to make some sense of this figure. We will now introduce and discuss the results of this study.

**Factor Analysis**

In order to compare the cultural characteristics (hereafter, interchangeably referred to as factors) most valued by employees across demographic groups, a Weighted Average Rank Profile was developed for each group. This profile simply consisted of the Weighted Average Rank Score for each factor as ranked by the membership of the group. This Weighted Average Rank Score was calculated by multiplying the number of times the factor was selected first by three, the number of times it was selected second by two and the number times it was selected third by one. The total was then divided by the total number of responses in the group to arrive at the Weighted Average Rank Score. The highest possible Weighted Average Rank Score for a given factor was therefore 3.0 and would only occur if every member of the group ranked it first.

**Factor Rankings by All Employees**

We begin by reporting the results in aggregate. If everyone in the organization ranked the same cultural characteristic as the most important, that characteristic would have a rank score of three. The highest rank score in our sample was 1.775 for Integrity. The top five ranked characteristics are summarized in Table 1 below. A complete listing of values can be found in Table 10 in Appendix C. Figure 1 in Appendix C illustrates the relative ranks of all eleven characteristics.
We would expect a bank to strongly value Integrity. After all, trust and integrity are the basis of a banking organization. These values are specifically addressed in Citizens Bank’s formal definition of culture (see Appendix A). This definition also outlines a strong customer service orientation. The characteristic of Willingness attempts to encapsulate this and was ranked second. Support of team concept, team objectives and team consensus is considered a requirement for acceptance in the formal culture document and we see that Teamwork is ranked third. Principles and Communication round out the top five and give us a picture of what the total organization most values culturally. Having this understanding at the total organizational level, we will now report how the results vary by Demographic Factor.

### How Factor Rankings Varied by Employee Job Function

A summary of the top five ranked characteristics for each Job Function is given in Table 2 below. (A complete listing of values can be found in Table 11 in Appendix C.) *Italic* text in the table indicates a characteristic that was in the top three for all functional groups. Additionally, Figure 2 in Appendix C illustrates the relative ranks of all eleven characteristics. We find some interesting similarities and differences in the results here. We observe that Integrity is ranked either first or second by all Job Functions, but this is the only characteristic ranked in the top three by all Job Functions. By pure numeric weighted average rank, Integrity is valued most

<table>
<thead>
<tr>
<th>Top 5 Factors</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Integrity</td>
<td>1.775</td>
</tr>
<tr>
<td>2. Willingness</td>
<td>1.338</td>
</tr>
<tr>
<td>3. Teamwork</td>
<td>0.859</td>
</tr>
<tr>
<td>4. Principles</td>
<td>0.775</td>
</tr>
<tr>
<td>5. Communication</td>
<td>0.437</td>
</tr>
</tbody>
</table>

Table 1: Weighted Average Rank Score—All Employees
highly by Administration (rank of 2.125 compared to 1.872 for Other, 1.667 for Lending and 1.417 for Operations).

<table>
<thead>
<tr>
<th>Weighted Average Rank – by Employee Job Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>1. Integrity</td>
</tr>
<tr>
<td>2. Performance</td>
</tr>
<tr>
<td>3. Empowerment</td>
</tr>
<tr>
<td>4. Principles</td>
</tr>
<tr>
<td>5. Process</td>
</tr>
</tbody>
</table>

Table 2: Weighted Average Rank—by Employee Job Function

When we examine Figure 2 in Appendix C, there are some significant disconnects worth noting. Performance is highly valued by Administration, with an average rank of 1.250. Yet no other functional group ranks it above 0.500, suggesting that the leadership has not done an effective job communicating the value of high performance to all functional areas. In a related manner, Administration is nearly alone in valuing its performance evaluations, which evaluate both job performance and cultural behavior performance equally. While its average rank for Evaluations was 0.375, the only other functional group that ranked it at all was Other, with an average rank of 0.103. This suggests that the leadership has not sold Lending and Operations on the hybrid performance evaluation and may be an area it needs to focus on. The disconnect between Administration and the other functional groups on Empowerment and Teamwork is significant. While Administration strongly values Empowerment, its importance seems to lessen for others. Administration ranks it an average of 1.125, Lending ranks it 0.833, Operations, 0.583 and Other, 0.205. In marked contrast, however, Lending, Operations and Other all place a high value on Teamwork, ranking it between 0.917 and 1.000. Yet Administration appears not to view Teamwork as highly, for no one in that group ranked it among their top three (rank score: 0.000). Those at the top believe in empowering employees, but the functional groups aren’t as excited about empowerment; to them, teamwork is what’s important. Clearly, this is an issue that should be explored.
There are additional factors with significant value differences. Willingness, which captures the idea of going the extra mile for the customer, is an example of a characteristic that has become more valuable than Administration believes. It is highly valued by those in Operations and Other groups (1.750 and 1.513, respectively). Lending and Administration do not rank it as highly (0.917 and 0.625, respectively). It seems that those closer to the customer rank a strong customer-orientation higher. This makes some sense. Process, which has at its the core the idea of striving for continuous process improvement, is another characteristic like this. Moderately valued by Administration (0.750), it is Lending’s second highest value (1.000). Yet it is scarcely valued by the other groups. We find this interesting. Lending is a functional area defined by rigid process and procedures so a high value placed on continuous process improvement seems logical. One wonders why other areas in the bank are less interested in this idea. In sum, there are some significant disconnects between the values held by each functional group. Now we will review how managers ranked cultural characteristics compared to how employees expected managers to rank them.

How Managers Ranked Cultural Characteristics v. How Employees Expected Managers to Rank Them

A comparison of the top five characteristics ranked by managers and what characteristics the non-managerial employees expected them to rank most important is summarized below in Table 3. The complete results are listed in Table 12 in Appendix C. A comparison of perceived and actual ranks is made in Figure 3 and the relative differences in the actual ranks and the perceived ranks are illustrated in Figure 4, both in Appendix C. At first glance, the expectations held by employees are very accurate. Employees correctly perceive the top three characteristics valued by managers. Reviewing Figures 3 and 4, the perceived ranks for all characteristics—with a few
exceptions—are surprisingly accurate. This suggests that those in supervisory positions do a good job of communicating their values to their direct-reports.

Table 3: Weighted Average Rank—Manager Ranks v. Perception by Employees

<table>
<thead>
<tr>
<th>Managers</th>
<th>Rank</th>
<th>Perception</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Integrity</td>
<td>1.920</td>
<td>Willingness</td>
<td>1.029</td>
</tr>
<tr>
<td>2. Willingness</td>
<td>1.240</td>
<td>Principles</td>
<td>1.000</td>
</tr>
<tr>
<td>3. Principles</td>
<td>0.960</td>
<td>Integrity</td>
<td>0.971</td>
</tr>
<tr>
<td>4. Empowerment</td>
<td>0.600</td>
<td>Pride</td>
<td>0.603</td>
</tr>
<tr>
<td>5. Performance</td>
<td>0.560</td>
<td>Empowerment</td>
<td>0.485</td>
</tr>
</tbody>
</table>

There are, however, a few notable exceptions to this general observation. Integrity is not perceived to be as valuable as it actually is. In fact, employees underestimated its value by nearly 100%. This immediately suggests an area that needs attention. If integrity, honesty and trust are really valued that strongly by management, then staffers need to be made aware of this. The situation with Pride is just the opposite. Pride is perceived to be fairly important, yet managers in reality attach relatively little value to it (0.603 and 0.240, respectively). This type of divergence raises questions about how managers convey their values to subordinate employees.

Other differences are not as extreme, but a few are worth noting. Evaluations, which we already observed were valued by Administration and (to a much lesser extent) by Other, are here perceived to be more important than they actually are to management. Similarly, there is a perception that Celebrations are important, yet no manager actually indicated this. Teamwork is another characteristic that is perceived to be more important than it apparently is, though admittedly the difference is quite small. On the whole, however, employee perceptions of manager ranks are actually rather accurate. Let’s now consider a related comparison: the ranking of the managers and non-managers.

We have just observed the comparison between managers' ranks and employees' perceptions of those ranks. With that analysis still fresh in our minds, we add an additional angle: how those employees—non-managers by definition—assess the culture themselves. The top five characteristics for both managers and non-managers are summarized below in Table 4. Again, the complete results are available in Appendix C, Table 13. Figure 5 in Appendix C compares the ranks by each group and Figure 6 shows the relative differences in rank. We observe that both groups value the same top two characteristics and three of the top five are shared. This clearly indicates some congruence in views. Reviewing Figures 3 and 5, we notice that there is more divergence between the views held by managers and non-managers than between managers and the perceptions of management values held by non-managers. Thus, while it appears that subordinates are generally good at perceiving what is important to their managers, this does not mean that subordinates internalize these values.

<table>
<thead>
<tr>
<th>Weighted Average Rank – Manager Ranks v. Non-Manager Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managers</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>1. Integrity</td>
</tr>
<tr>
<td>2. Willingness</td>
</tr>
<tr>
<td>3. Principles</td>
</tr>
<tr>
<td>4. Empowerment</td>
</tr>
<tr>
<td>5. Performance</td>
</tr>
</tbody>
</table>

Table 4: Weighted Average Rank—Manager Ranks v. Non-Manager Rank

Integrity, while ranked first by both groups, is somewhat more important to the management group. The second most valued characteristic, Willingness, is slightly more valued by the non-managers. Remembering that this characteristic relates to having a strong customer-service orientation, it certainly seems plausible for the non-managers to rank this higher as they likely have more direct customer exposure.
Non-managers rank Teamwork third, perhaps mirroring their experience on the job. Clearly, teamwork is very important to the employees. It is quite interesting, then, to discover that the average management rank on this characteristic is just 27% of the average rank by non-managers; this corresponds to a ranking of seventh by managers. Non-managers rank it 1.174 and managers rank it 0.320. Teamwork is outlined as a core component in the official document on Citizens Bank culture, but these results convincingly show that managers do not value it as much as their subordinates do. There might be a reason for this, however. Let’s now consider Empowerment, the idea of giving staffers “autonomy with accountability.” Management ranks empowerment 0.600. Non-managers? Just 21% of that, or 0.130, corresponding to a rank of eighth by the non-management group. Clearly, the situation here is just the reverse. Management really believes in empowerment, but subordinates aren’t as convinced. At some level, these two characteristics are endpoints on a continuum from shared interdependence (teamwork) to independence (empowerment). If we accept this idea, it would seem that managers and non-managers have very different cultural values about work styles. If we continue with this idea of independence, it is not too surprising to see that managers place a far higher value on Performance, which is defined as “High performance as a precursor to independence...,” than do non-managers (0.560 compared to 0.174). Non-managers stress a different value: Pride, which was described in the survey as “A high level of pride and confidence that comes from being...part of a winning organization.” The ranks for Pride were 0.240 by managers and 0.565 by non-managers. Clearly, it seems that the general staffers stress teamwork, collectivism and pride in their shared accomplishments. In contrast, managers seem to value empowerment and the opportunity to be independent through high performance.

Now that we have reviewed the differences between both perceived and actual manager rankings (Figure 4) as well as between manager and non-manager rankings (Figure 6), we consider the difference between this pair of comparisons. We have previously suggested that there is more divergence between manager and non-manager values than between perceived and
actual manager values. If this were true, we would expect to find the absolute value of the total difference amount in the manager/non-manager comparison to be greater than that in the perceived/actual manager comparison. By total difference amount, we mean the sum of the differences found between one group and the other on each factor. The total difference amount for each comparison is summarized in Table 14 and illustrated in Figure 7 in Appendix C. We calculate the total difference amounts for the manager/non-manager and the perceived/actual manager comparison to be 0.577 and 0.310, respectively. This supports our earlier suggestion that the divergence is lower between perceived and actual manager values than between manager and non-manager values.

How Rankings Varied by Years of Service

It is interesting to consider how years of service to the bank (and, indirectly, age of employee) impacts cultural cohesion. The survey asked respondents to identify their tenure in one of eight categories. From this fine granularity, we were able to discern a few interesting observations specific to Citizens Bank which we will note later. To make our conclusions more general, however, we have opted to combine our data into three more manageable time periods: zero to three years, four to ten years and more than ten years. These specific groupings were selected to coincide with the organizational history of Citizens Bank. The bank launched its program of cultural change three years and so this was chosen as a dividing point. Although the conclusions herein are based on Citizens Bank, they might be transferable to other organizations undergoing cultural transformations.

The top five characteristics in each group are summarized in Table 5. Figure 8 in Appendix C illustrates all relative ranks and Table 15, also in Appendix C, lists the full rankings by the three time categories. When we summarize the data in these three time periods, some harmony appears. Integrity is consistently ranked first and Willingness also appears in the top
three for each time period. In fact, four of the top five are the same across all three summary time periods. This might appear to suggest that length of service (or, indirectly, employee age) has no impact on the level of cultural cohesion. A closer examination of the results, however, will indicate this is not a correct conclusion.

<table>
<thead>
<tr>
<th>Weighted Average Rank – by Years of Service</th>
<th>0 – 3 Years</th>
<th>4 – 10 Years</th>
<th>10 + Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Integrity</td>
<td>Integrity</td>
<td>Integrity</td>
<td></td>
</tr>
<tr>
<td>2. Willingness</td>
<td>Teamwork</td>
<td>Willingness</td>
<td></td>
</tr>
<tr>
<td>3. Teamwork</td>
<td>Willingness (tie)</td>
<td>Principles</td>
<td></td>
</tr>
<tr>
<td>4. Principles</td>
<td>Process</td>
<td>Teamwork</td>
<td></td>
</tr>
<tr>
<td>5. Empowerment</td>
<td>Principles</td>
<td>Communication</td>
<td></td>
</tr>
</tbody>
</table>

Table 5: Weighted Average Rank—by Years of Service

To better understand the following discussion, we recommend reviewing Figure 8 in Appendix C. If we examine the relative ranks of each characteristic as valued by the three groups, several trends emerge. Some are expected, others are not. We note that on the Principles characteristic, there is a direct relationship between years of service and value. That is, the most senior employees value commitment to a set of principles the most, followed by the intermediate group and finally the new group. This trend seems logical. When we consider the Willingness characteristic, however, we discover an inverse relationship. Here, it is the newer employees who place the highest value on maintaining positive customer relationships, followed by the intermediate group and finally the senior employees. This could be explained by a stronger customer-orientation with new hires or it could be a side effect of staffers possibly having less direct customer contact as they are promoted in the organization.

There are multiple disconnects between the different groups. Let us focus on those employees who came to the organization in the years just prior to the cultural change (4-10 years of service). These employees place a high value on Process (1.250). In contrast, both veterans (more than ten years with the bank) and those staffers brought in after the cultural campaign was launched place a substantially lower value on Process (0.273 and 0.243 respectively). This might
indicate a reverence for structure by those employees who remember the old way in what might be perceived as a confusing time of transition. Continuing with this group, we notice that they also value Performance more than either their senior or junior peers. Perhaps they know all too well what the organization’s performance was before the cultural change began and this gives them motivation to excel. They also lead in the value they place on Pride. It is not too surprising to note that this same group is the only group to value Celebrations.

An interesting side note relates to the Evaluation characteristic. The only group that ranked it at all was the newest one, those employees that have joined the company in the last three years. More specifically, only those employees who joined Citizens Bank around the time of the CEO and the following year ranked Evaluations. This observation should be of interest to Human Resources. It suggests that the bank was initially successful in recruiting personnel that subscribe to this idea of cultural performance, but indicates that its efforts are losing their effectiveness. No one hired in the last year ranked Evaluations at all. The data also suggests that they have been less successful in convincing the existing employees—those already on staff when the new leadership came three years ago—of the value of an evaluation process that places equal weight on job and cultural behavior performance. Clearly, when someone was hired seems to have some impact on the cultural values that person holds. Now let’s consider the impact of previous employment experience.

**How Rankings Varied by Type of Previous Employment**

Employees have come to Citizens Bank from other community banks, big banks and other non-bank organizations. It would be useful to Human Resources to be able to know on average which source yields the most culturally cohesive staffers. This is what this analysis attempted to do at a fairly simple level. The results are summarized in Table 6 and also illustrated in Figure 9 in Appendix C. Additionally, the underlying factor ranks are contained in a Table 16 in Appendix C.
We observe that the top two ranks are the same, independent of an employee’s background. These are Integrity and Willingness. Additionally, we note that three of the top five ranks are shared by all groups. If we investigate the results more rigorously, however, we discover some distinct value differences based on previous employment.

<table>
<thead>
<tr>
<th>Weighted Average Rank – by Previous Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Bank</td>
</tr>
<tr>
<td>----------------</td>
</tr>
<tr>
<td>1. Integrity</td>
</tr>
<tr>
<td>2. Willingness</td>
</tr>
<tr>
<td>3. Performance</td>
</tr>
<tr>
<td>4. Principles (tie)</td>
</tr>
<tr>
<td>5. Communication</td>
</tr>
</tbody>
</table>

Table 6: Weighted Average Rank—by Previous Employment

To illustrate these differences, we introduce a benchmark for comparative purposes. In the next section, we will calculate the Leadership Cultural Characteristic Rank Profile. For now, let it suffice for us to just introduce the top three cultural values of the leadership team. According to their survey responses, the leadership team most values Integrity, then Willingness and then Principles. Knowing this, we can now compare the relative weighted average ranks for each source of employees to this benchmark. We observe that for all three of the leadership team’s top values, employees who came from another community bank on average place higher value on those three characteristics than do their peers from elsewhere. Refer to Figure 9 in Appendix C; Table 7 below summarizes this information numerically.

<table>
<thead>
<tr>
<th>Weighted Average Rank – by Previous Employment Compared on Leadership Team Rank Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Characteristic</td>
</tr>
<tr>
<td>---------------------------</td>
</tr>
<tr>
<td>1. Integrity</td>
</tr>
<tr>
<td>2. Willingness</td>
</tr>
<tr>
<td>3. Principles (tie)</td>
</tr>
</tbody>
</table>

Table 7: By Previous Employment—Compared on Leadership Team Rank Profile

Based on this, it seems that emphasizing recruitment from other community banks might help to increase the cultural cohesion of Citizens Bank. Given that the CEO and some other senior staff...
members have come from other community banks, this apparent match in values might not seem too surprising. We also note that the cultural rank profile of employees from big banks is generally closer to that of the leadership team on these three characteristics than is the profile of those with non-banking backgrounds.

If we continue to explore the weighted average ranks across groups for all of the cultural characteristics, we note a few significant differences. Community bankers place a much higher value on Performance, Principles, Communication, Empowerment and Process than do the other groups. This suggests that community bankers value a strong framework in which to operate, but also appreciate autonomy and recognize the need for good communication to lubricate the process. Noticeably absent is any value for Teamwork or Pride. Employees from big banks and other organizations, while still valuing many of these characteristics, weigh them less and rank Teamwork third. Pride is also more important to those from big banks and other organizations than it is to community bankers. Interestingly, no banker (community or big bank) saw value in the Evaluations process or Celebrations; these characteristics are valued somewhat by those from non-banking backgrounds, suggesting the existence of a industry-based norms.

**Cultural Value Divergence As A Predictor of Performance**

It has been suggested by the senior leadership that this cultural campaign is a major cause of the bank’s improved performance over the past three years. In this analysis, we make the assumption that a high performing bank has high performing employees. If this is true, then we can infer a relationship between organizational culture and performance by examining the relationship between cultural values and job performance at an individual employee level. That is, we would expect those employees who are more accurate at identifying the organizational culture to achieve superior job performance.
To analyze this, we devised an analytic framework which we call the Cultural Value Divergence Analysis. The first step in this methodology is to calculate a composite rank profile for the leadership team, which we call the Leadership Cultural Characteristic Rank Profile. This is done by calculating an even-weighted average of the ranks indicated by each member (denoted by $L_n$) of the leadership team (denoted by $L_N$). We use $N$ to represent the number of leaders on the leadership team. The procedure to create this rank profile is precisely the same as that previously described to develop a Weighted Average Rank Profile.

The second step involves establishing a weighted scheme for measuring an individual employee’s cultural value divergence from the Leadership Cultural Characteristic Rank Profile. A summary of the possible states is given below in Table 8. Note: in this table, $E_{ij}$ signifies the employee survey response on a given cultural characteristic ($C_i$) and $L_{nj}$ signifies a leader’s survey response on the same characteristic.

<table>
<thead>
<tr>
<th>Cultural Value Divergence Analysis Table of Conditions and Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>If Condition Is True For ($C_i$)</td>
</tr>
<tr>
<td>A. Neither $E_{ij}$ nor $L_{nj}$ rank it</td>
</tr>
<tr>
<td>B. $E_{ij}$ and $L_{nj}$ are same rank score</td>
</tr>
<tr>
<td>C. Difference in rank scores is 1</td>
</tr>
<tr>
<td>D. Difference in rank scores is 2</td>
</tr>
<tr>
<td>E. $E_{ij}$ ranks it a 3, $L_{nj}$ doesn’t rank it</td>
</tr>
<tr>
<td>F. $E_{ij}$ ranks it a 2, $L_{nj}$ doesn’t rank it</td>
</tr>
<tr>
<td>G. $E_{ij}$ ranks it a 1, $L_{nj}$ doesn’t rank it</td>
</tr>
<tr>
<td>H. $E_{ij}$ doesn’t rank it, $L_{nj}$ ranks it a 2</td>
</tr>
<tr>
<td>I. $E_{ij}$ doesn’t rank it, $L_{nj}$ ranks it a 1</td>
</tr>
<tr>
<td>J. $E_{ij}$ doesn’t rank it, $L_{nj}$ ranks it a 1</td>
</tr>
<tr>
<td>Maximum possible divergence between two surveys</td>
</tr>
</tbody>
</table>

Table 8: Cultural Value Divergence Analysis Conditions and Values

The third step involves calculating an employee’s Cultural Value Divergence Amount ($D_{ni}$). This is the amount that an employee’s cultural values differ from those of the leadership team. We do this by comparing a given employee survey response ($E_i$) to each leadership team survey response ($L_n$) separately and then combining the component divergence amounts.
This procedure contains a few sub-steps: (a) For each cultural characteristic (Cj), for an index j = 1 to J, where J represents the total number of cultural characteristics, the employee survey response (Ei) is compared to the leadership survey response (Lj) and the appropriate value (V0) is assigned from the table above to that cultural characteristic (we consider this an intermediate result, Tij). (b) The sum of each intermediate result (Tij) becomes the divergence amount (Di,n) between employee (Ei) and leader (Lj). (c) This process is repeated for each leader (Ln) for an index n = 1 to N, where N is the number of leaders in the leadership team. The average of each divergence amount (Di,n) is then recorded as that employee’s Cultural Value Divergence Amount (Di,n). This value represents that employee’s total cultural value divergence from the Leadership Cultural Characteristic Rank Profile.

The maximum value possible for this would be 24. We can see this by considering the case where the employee doesn’t rank any of the same characteristics as any member of the leadership team. Then each divergence amount (Di,n) would be:

\[
\text{(state E)} + \text{(state F)} + \text{(state G)} + \text{(state H)} + \text{(state I)} + \text{(state J)} = 24 \\
5 + 4 + 3 + 5 + 4 + 3 = 24
\]

and the average of each divergence amount (Di,n) would also be 24. Thus, \(\text{Max}(D_{i,n}) = 24\).

At this point, we have identified the Cultural Value Divergence Amount (Di,n) for one employee versus the Leadership Cultural Characteristic Rank Profile. We now continue on in the fourth step to calculate the Cultural Value Divergence Amount (Di,N) for every employee, including those that comprise the leadership team. The methodology has already been described so in this step we simply repeat step three for all employees (Ei) for an index i = 1 to I, where I is the number of employees in the organization.

With Cultural Value Divergence Amounts (Di,N) calculated for every employee, we then are able to combine them in various ways by the different demographic factors and self-
assessment classes to aid in our attempt to investigate any possible trends or correlation. Having
introduced our analytic framework, let's now apply it.

Our data came from employees' self-assessment of both their cultural behavior and job
performance. This information was then matched to employees' ranks of cultural characteristics
and compared to a Leadership Cultural Characteristic Rank Profile that we will now derive.

The leadership team was defined based upon an organization chart provided by Citizens
Bank. Only the CEO and his direct senior-level reports were included. The rank profile was
derived by calculating an even-weighted average of the ranks indicated by each member of the
leadership team, as described above. Figure 10 in Appendix C shows the Leadership Cultural
Characteristic Rank Profile. Table 9 below summarizes the profile. A listing of the full profile is
available in Table 17 in Appendix C.

<table>
<thead>
<tr>
<th>Leadership Team Cultural Characteristics Rank Profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural Characteristic</td>
</tr>
<tr>
<td>-------------------------</td>
</tr>
<tr>
<td>1. Integrity</td>
</tr>
<tr>
<td>2. Willingness</td>
</tr>
<tr>
<td>3. Principles</td>
</tr>
<tr>
<td>4. Empowerment</td>
</tr>
<tr>
<td>5. Performance (tie)</td>
</tr>
</tbody>
</table>

Table 9: Leadership Team Cultural Characteristics Rank Profile

Having this rank profile, we next calculated a divergence amount for each employee
relative to this rank profile (although only a portion of it is reproduced here, the full profile listed
in Table 17 in Appendix C was used) using the methodology described above. We then compared
this divergence amount to the self-assessed cultural behavior score. If there was a perfect
correlation of -1.0 between an employee's self-assessed cultural behavior score and the level of
cultural value divergence, then we would expect to see those employees who had high divergence
amounts relative to the "official" leadership rank profile of culture to give themselves low scores
in cultural behavior performance. Conversely, we would expect those that believe they
understand the culture to have lower divergence amounts. The data clearly does not support this.
Figure 11 in Appendix C compares the average divergence amount to the self-assessed cultural behavior score. There does not appear to be any relationship between these two factors. While the divergence amount varies significantly across the organization, most employees perceive themselves as understanding and promoting the culture fairly well. The median cultural behavior score was eight out of ten.

Now we will consider the relationship between cultural value divergence and job performance. Again, we might expect a negative correlation. That is, the better an employee understands the official culture (i.e., the lower the divergence amount), the better he will perform. And, too, the less accurately an employee identifies the official culture, the lower his performance. Figure 12 in Appendix C graphs the average divergence amount and the self-assessed job performance score. Again, we fail to see any clear relationship between these two factors. Independent of how well people can identify the culture, most believe they are doing a good job, with the median score being eight. Our results do not indicate any statistically significant correlation between cultural value divergence and perceived employee job performance.

**Other Observations from Cultural Value Divergence Analysis**

If we analyze the results along demographic factors, two mildly interesting observations are found. First, we note that Lending has the highest cultural divergence amount on average of the various Job Functions. The other groups are all close to equal. Figure 13 in Appendix C illustrates this. Second, we note some differences along the Previous Employment factor. Employees from non-bank backgrounds on average have the highest divergence amount, followed by those from community banks and finally big banks. Figure 14 in Appendix C illustrates this.
SHORTCOMINGS OF THE RESEARCH

While this research does advance the understanding of cultural cohesion in a community bank undergoing a cultural transformation, there are a few aspects that, in retrospect, could have been better implemented. We start with survey design. As was indicated earlier, a moderate number of surveys returned were deemed unusable due to the manner in which they were completed. A subset of the respondents chose to rank all of the cultural characteristics either a 1, 2 or 3, rather than ranking just the top three. This is a result of instructions that, although clear, were evidently not universally clear enough. If this survey were to be used again, the design should be modified somewhat to eliminate the possibility of this recurring. Rather than provide lines next to each characteristic, a letter should be used to identify each characteristic and then only three lines should be provided for the respondent to fill in with the letters of ranked characteristics.

Another revision that would be recommended relates to the demographic questions. The four Job Functions were selected to match those used internally by Citizens Bank in other survey efforts. Most employees chose Other, suggesting that finer categorization would have aided in the analysis. The question asking about previous employment would also have benefited from more precision in response options. Over half of the respondents indicated Other as their previous employment. It would have been useful to be able to separate that group into those who had come from non-banking organizations and those with no previous employment experience prior to joining Citizens Bank.

Beyond the cosmetic discussion of survey design, there are two critical shortcomings of this research. The first is the lack of any rigorous statistical analysis of the data. A lack of proof regarding the statistical significance of the relationships suggested herein limits the applicability of these conclusions. This study could be continued, however, and include a statistical analysis of the data set. The second critical shortcoming relates to an original and ambitious goal of this research project: to attempt to validate the intuitive belief that there is a correlation between
strong organizational culture and high organizational performance. The cultural value divergence methodology we devised showed no apparent correlation in our data set. Anecdotal evidence, combined with the historical financial performance of the bank, continues to suggest otherwise. Thus, perhaps our survey instrument was not the correct one to gauge this correlation.
IDEAS FOR FUTURE RESEARCH

We hope this effort is only the first contribution to continued study of the interplay between cultural cohesion and organizational performance in financial institutions. There are a few clear extensions of this research that it would appear to be relevant. The first would be to test the statistical significance of any relationships found herein. The second extension would be to bring in data from actual employee performance reviews. Access to actual employee performance review data would allow the research to investigate a couple of contextual issues. How accurately do employees assess their job performance? How accurately do they assess their cultural behavior performance? The ultimate aim would be to answer this question: To what extent is there any correlation between cultural value divergence and job performance? We believe any future attempts to validate a correlation here would be more successful utilizing actual performance data rather than employee self-assessments. This makes the implicit assumption that employees are somewhat less than one hundred percent accurate in their self-assessment.

This research was cross-sectional in nature. That is, all the data was gathered from one point in time. While there are some useful conclusions that can be drawn from such an effort, it would be more interesting to have historical data with which to compare this data. A longitudinal study would be a very worthwhile undertaking, allowing us to better understand the dynamics of cultural change, cultural cohesion and any resultant impacts on organizational performance. Finally, it would be nice to have comparative data from many peer institutions, so as to lessen the possible bias of developing conclusions based upon an example of only one institution. Assuming a correlation is found to exist between strong culture/high cohesion and high organizational performance, it would be interesting to evaluate how factors such as institution size impact it. Is culture a more important motivator of performance in a community bank or a big bank? This is the sort of question that this research hopes to motivate the reader to investigate.
CONCLUSION

This research attempted to determine the Citizens Bank culture and evaluate to what extent employees across different demographic factors valued the same cultural characteristics. An additional aim was to investigate the correlation between cultural cohesion and organizational performance. The research was based on a survey conducted in the Spring of 1999 at a community bank, Citizens Bank, headquartered in Corvallis, Oregon.

The cultural characteristics the organization valued most highly were Integrity, Willingness to serve the customer and Teamwork, all components of the official Citizens Bank document on culture. The leadership team was found to value Integrity, Willingness and Principles most. Interestingly, the analysis uncovered some significant value differences amongst different demographic groups in the organization.

Administration strongly values Performance (ranking it second), but other functional areas place far less importance on it, suggesting Administration hasn’t done a good job of communicating this value. There appears to be significant divergence over work styles. Administration and managers both highly value Empowerment, but other functional groups and non-managers prefer Teamwork. Supervisors tend to want to empower their workers and give them autonomy, but the general workers value collectivism. Employees are surprisingly accurate at perceiving what their managers value, but this does not mean they necessarily internalize those values. This is a key finding of the research. There is one significant exception to this, however, and that is with integrity. Employees underestimated the value managers place on it by 100%. This clearly indicates one characteristic that needs to be better communicated. An employee’s background was also found to have some impact on cultural cohesion. Those from other community banks have lower cultural divergence scores than peers from big banks or non-banks.

The investigation into the correlation between cultural cohesion and organizational performance was less illuminating. It was discovered that lenders and those from non-banking
backgrounds had the highest cultural divergence scores, meaning the lowest cohesion relative to the organizational culture. The value of this information is limited somewhat by the fact that no significant correlation was found between cultural cohesion and performance.

The CEO of this institution and other leaders like him believe in a correlation between culture and performance. Practitioners journals contain many articles suggesting that such a correlation exists, but stop short of providing any convincing evidence. This research, too, falls short of quantifying this relationship. Still, it has successfully investigated the extent to which employees across different demographic factors in the organization value the same cultural characteristics, a necessary precursor to any research on the correlation between cultural cohesion and performance. The importance of this research, then, lies in the fact that it demonstrates that Citizens Bank is not as culturally cohesive as was previously believed by senior management.
BIBLIOGRAPHY


Humphreys, William V. (1999). E-mail to the author. 10 May 1999.


APPENDIX A: ORGANIZATIONAL CULTURE
Citizens Bank

Components of the Corporate Culture That We Expect

(internal Citizens Bank document, reprinted with permission)

A) Attitude Toward Change:

Positive leadership as it relates to problem solving. A person who constantly reinforces the expectation of discovering creative solutions. Has the attitude that problems are opportunities, with the only real impediments being those that are self-imposed. Always looking for a better way to get the job done.

B) Focus:

The employee demonstrates a high degree of understanding and agreement about the need for goals and objectives. They clearly understand the mission and see themselves actively engaged in contributing towards achieving that mission.

This person is team oriented because they know that when people work together overall performance is positively affected, resources are allocated in ways that are more likely to support the organizations objectives, and people do not seem like they are going in opposite directions.

C) Standards and Values:

There are certain values that contribute to the success of any strategy. These core values must be clearly understood and believed-in by individuals at all levels of the organization.

We value honesty in all of our relationships, high integrity in terms of our personal behavior, fairness with employees, customers, and others. This includes an aversion to discrimination in any form. We value confidentiality when appropriate, and a high degree of professionalism.

We also value personal growth, continuous improvement, acceptance of change, creativity, positive thinking, high performance, and safety and soundness.

We also value specific performance standards that are measurable in terms of quality, quantity, cost, and time.

We value an attitude that says we refuse to tolerate mediocrity.

We value and respect longevity, but we will reward performance.
D) Celebrations to Support Values:
Without expressive events, the culture will fade. Celebrations are designed to support values. Team awards and celebrations reward the value of team participation. Employee recognition rewards performance. The employee newsletter is a ritual that says we value communication. The bank picnic, Christmas party, etc. are all-positive rituals that reward values. Acceptance of this celebrant form of support helps determine an employee’s position with respect to culture.

E) Concern for People:
Management and other employees must demonstrate that they sincerely care about the interests of others, and are committed to organizational objectives to ensure a high degree of caring.

F) Openness, Communication:
In strong cultures, communication tends to be more open, spontaneous, and more widespread. It is the means by which the firm’s human assets are brought together with a common focus.

Few things are as important as good internal communication flows. Individuals who promote the flow of communication rather than create an obstacle to communication flows, have a stronger position within our culture.

G) Conflict Resolution:
Our culture promotes a win-win method of conflict resolution. Gone are the days of I win-you lose attitudes. Problems or conflicts should be analyzed in terms of the needs of the objectives of the organization, not the ego needs of the individuals involved. Both parties involved in the conflict should work toward a resolution, demonstrating acceptance of our core values, that meets organizational needs rather than personal needs.

H) Customer Service Orientation:
Acceptance within our culture requires a strong customer service attitude. Individuals have taken the initiative to understand what is meant by outstanding customer service. They have demonstrated that they personally accept our customer service standards, and they expect high performance from themselves and others in this area.

I) Pride:
Acceptance of our culture requires a high level of pride, and excitement about the company and its objectives.
People are expected to show that they are proud to be a part of the organization. That they understand its mission and they want to help accomplish that mission. They care, and they show it.

J) **Commitment:**
Acceptance in our culture requires a high degree of commitment from employees at all levels. They are committed to our values, to our customers, and to each other. A committed employee demonstrates acceptance of the organization's mission and vision, and proves it through the quality and quantity of their work.

K) **Teamwork:**
Few things can do greater damage to an organization's cultural integrity than weak team spirit. Individuals who sound supportive in a team meeting, agree to consensus, and then behave differently afterward, are among the most destructive to the company's culture.

Support of team concept, team objectives and team consensus is a requirement for acceptance.
APPENDIX B: SURVEY
Listing of Cultural Characteristics at Citizens Bank

(synthesis of interviews with senior management and employees across the organization)

A. **WILLINGNESS**: Willingness to “jump over the desk” to build and maintain positive customer relationships.

B. **PRINCIPLES**: Commitment to a set of principles and values and a positive attitude towards change.

C. **PERFORMANCE**: High performance as a precursor to independence; support to help people succeed.

D. **COMMUNICATION**: Open communication punctuated by a win-win method of conflict resolution.

E. **INTEGRITY**: High integrity, honesty and trust within the organization and with customers.

F. **TEAMWORK**: Support for teamwork and a willingness to be a team player.

G. **EMPOWERMENT**: Empowered to do what is right; an opportunity to succeed as well as fail. (Autonomy with accountability.)

H. **PROCESS**: Strives for continuous process improvement.

I. **PRIDE**: A high level of pride and confidence that comes from being well prepared and part of a winning organization.

J. **CELEBRATIONS**: Enjoys celebrations to support and reward values.

K. **EVALUATIONS**: Performance evaluations need an equal measure of job performance and cultural behavior performance.
Survey of Culture at Citizens Bank

«FirstName» «LastName»:

Thank you for taking the time to complete this survey. All responses are confidential. This information will be aggregated and tabulated by the following demographic factors: job function, role, years of service and type of previous employment. A summary of findings will be made available to Citizens Bank by summer, 1999.

If you have any questions, please contact the survey administrator. Please return your completed survey to Citizens Bank Survey, c/o Bryce M. Payne, University Honors College, Oregon State University, Corvallis, OR 97331 by April 2, 1999.

A. Please provide the following demographic information.

1. Job function:
   □ Administration  □ Lending  □ Operations  □ Other

2. Role:
   □ Supervisor/Managerial Responsibilities  □ Non-Supervisor/Manager

3. Service (round to nearest year):
   □ <1  □ 1  □ 2  □ 3  □ 4-6  □ 7-10  □ 10-15  □ 15+

4. Came to Citizens Bank from:
   □ another community bank  □ big bank  □ other

B. Below is a listing of characteristics of culture at Citizens Bank. Please review them and rank the three that you believe to be the most important to you. Please number them 1, 2, 3 with 1 being the most important.

   — Willingness to “jump over the desk” to build and maintain positive customer relationships.
   — Commitment to a set of principles and values and a positive attitude towards change.
   — High performance as a precursor to independence; support to help people succeed.
   — Open communication punctuated by a win-win method of conflict resolution.
   — High integrity, honesty and trust within the organization and with customers.
   — Support for teamwork and a willingness to be a team player.
   — Empowered to do what is right; an opportunity to succeed as well as fail. (Autonomy with accountability.)
   — Strives for continuous process improvement.
   — A high level of pride and confidence that comes from being well prepared and part of a winning organization.
   — Enjoys celebrations to support and reward values.
   — Performance evaluations need an equal measure of job performance and cultural behavior performance.
C. Now consider your manager. Rank what you believe would be his or her top three characteristics. Again, please number them 1, 2, 3 with 1 being the most important.

- Willingness to "jump over the desk" to build and maintain positive customer relationships.
- Commitment to a set of principles and values and a positive attitude towards change.
- High performance as a precursor to independence; support to help people succeed.
- Open communication punctuated by a win-win method of conflict resolution.
- High integrity, honesty and trust within the organization and with customers.
- Support for teamwork and a willingness to be a team player.
- Empowered to do what is right; an opportunity to succeed as well as fail. (Autonomy with accountability.)
- Strives for continuous process improvement.
- A high level of pride and confidence that comes from being well prepared and part of a winning organization.
- Enjoys celebrations to support and reward values.
- Performance evaluations need an equal measure of job performance and cultural behavior performance.

D. On a scale of 1 to 10 (10 being the best), please assess your:

- Job performance
- Cultural behavior performance

E. Please make any comments you care to regarding this survey.
Figure 1: Factor Rankings—All Employees

Factor Rankings of Cultural Characteristics
All Employees

Table 10: Factor Rankings—All Employees

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. willingness</td>
<td>1.338</td>
</tr>
<tr>
<td>B. principles</td>
<td>0.775</td>
</tr>
<tr>
<td>C. performance</td>
<td>0.211</td>
</tr>
<tr>
<td>D. communication</td>
<td>0.437</td>
</tr>
<tr>
<td>E. integrity</td>
<td>1.775</td>
</tr>
<tr>
<td>F. teamwork</td>
<td>0.859</td>
</tr>
<tr>
<td>G. empowerment</td>
<td>0.296</td>
</tr>
<tr>
<td>H. process</td>
<td>0.070</td>
</tr>
<tr>
<td>I. pride</td>
<td>0.423</td>
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<td>J. celebrations</td>
<td>0.042</td>
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<tr>
<td>K. evaluations</td>
<td>0.070</td>
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</table>
Factor Rankings of Cultural Characteristics by Job Function

Table 11: Factor Rankings—by Job Function

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Administration</th>
<th>Lending</th>
<th>Operations</th>
<th>Other</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. willingness</td>
<td>0.625</td>
<td>0.917</td>
<td>1.750</td>
<td>1.513</td>
<td>1.201</td>
</tr>
<tr>
<td>B. principles</td>
<td>1.000</td>
<td>0.583</td>
<td>1.167</td>
<td>0.667</td>
<td>0.854</td>
</tr>
<tr>
<td>C. performance</td>
<td>1.250</td>
<td>0.417</td>
<td>0.333</td>
<td>0.128</td>
<td>0.532</td>
</tr>
<tr>
<td>D. communication</td>
<td>0.375</td>
<td>0.917</td>
<td>0.667</td>
<td>0.333</td>
<td>0.573</td>
</tr>
<tr>
<td>E. integrity</td>
<td>2.125</td>
<td>1.667</td>
<td>1.417</td>
<td>1.872</td>
<td>1.770</td>
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<tr>
<td>F. teamwork</td>
<td>0.000</td>
<td>1.000</td>
<td>0.917</td>
<td>0.974</td>
<td>0.723</td>
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<tr>
<td>G. empowerment</td>
<td>1.125</td>
<td>0.833</td>
<td>0.583</td>
<td>0.205</td>
<td>0.687</td>
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<tr>
<td>H. process</td>
<td>0.750</td>
<td>1.000</td>
<td>0.333</td>
<td>0.179</td>
<td>0.566</td>
</tr>
<tr>
<td>I. pride</td>
<td>0.375</td>
<td>0.333</td>
<td>0.333</td>
<td>0.590</td>
<td>0.408</td>
</tr>
<tr>
<td>J. celebrations</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.077</td>
<td>0.019</td>
</tr>
<tr>
<td>K. evaluations</td>
<td>0.375</td>
<td>0.000</td>
<td>0.000</td>
<td>0.103</td>
<td>0.119</td>
</tr>
</tbody>
</table>
Figure 3: Factor Rankings—Perceived v. Actual Manager

Factor Rankings of Cultural Characteristics
Supervisor/Manager Ranks v. Perception

Figure 4: Differences in Factor Rankings: Perceived and Actual Manager Ranks

Differences in Perceived and Actual Manager Rankings
Figure 5: Factor Rankings—Manager v. Non-Manager Ranks

Factor Rankings of Cultural Characteristics by Type of Role: Supervisor/Manager v. Non

- evaluations
- celebrations
- pride
- process
- empowerment
- teamwork
- integrity
- communication
- performance
- principles
- willingness

Non-Supervisor/Manager Ranks
Supervisor/Manager Ranks

Figure 6: Differences in Factor Rankings: Manager and Non-Manager Ranks

Differences in Manager and Non-Manager Rankings

- evaluations
- celebrations
- pride
- process
- empowerment
- teamwork
- integrity
- communication
- performance
- principles
- willingness

Non-Manager
Manager Minus Non-Manager Rankings

Difference (Max Value 3)
<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Actual Manager Ranks</th>
<th>Perceived by Employees</th>
<th>Average</th>
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<tr>
<td>A. willingness</td>
<td>1.240</td>
<td>1.029</td>
<td>1.135</td>
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<tr>
<td>B. principles</td>
<td>0.960</td>
<td>1.000</td>
<td>0.980</td>
</tr>
<tr>
<td>C. performance</td>
<td>0.560</td>
<td>0.382</td>
<td>0.471</td>
</tr>
<tr>
<td>D. communication</td>
<td>0.480</td>
<td>0.412</td>
<td>0.446</td>
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<tr>
<td>E. integrity</td>
<td>1.920</td>
<td>0.971</td>
<td>1.445</td>
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<td>F. teamwork</td>
<td>0.320</td>
<td>0.426</td>
<td>0.373</td>
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<td>G. empowerment</td>
<td>0.600</td>
<td>0.485</td>
<td>0.543</td>
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<tr>
<td>H. process</td>
<td>0.240</td>
<td>0.456</td>
<td>0.348</td>
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<tr>
<td>I. pride</td>
<td>0.240</td>
<td>0.603</td>
<td>0.421</td>
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<tr>
<td>J. celebrations</td>
<td>0.000</td>
<td>0.118</td>
<td>0.059</td>
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<tr>
<td>K. evaluations</td>
<td>0.120</td>
<td>0.221</td>
<td>0.170</td>
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</table>

Table 12: Factor Rankings—Perceived v. Actual Manager

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Manager</th>
<th>Non-Manager</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. willingness</td>
<td>1.240</td>
<td>1.370</td>
<td>1.305</td>
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<tr>
<td>B. principles</td>
<td>0.960</td>
<td>0.674</td>
<td>0.817</td>
</tr>
<tr>
<td>C. performance</td>
<td>0.560</td>
<td>0.174</td>
<td>0.367</td>
</tr>
<tr>
<td>D. communication</td>
<td>0.480</td>
<td>0.413</td>
<td>0.447</td>
</tr>
<tr>
<td>E. integrity</td>
<td>1.920</td>
<td>1.630</td>
<td>1.775</td>
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<td>F. teamwork</td>
<td>0.320</td>
<td>1.174</td>
<td>0.747</td>
</tr>
<tr>
<td>G. empowerment</td>
<td>0.600</td>
<td>0.130</td>
<td>0.365</td>
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<tr>
<td>H. process</td>
<td>0.240</td>
<td>0.109</td>
<td>0.174</td>
</tr>
<tr>
<td>I. pride</td>
<td>0.240</td>
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<td>0.403</td>
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<tr>
<td>J. celebrations</td>
<td>0.000</td>
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<td>0.033</td>
</tr>
<tr>
<td>K. evaluations</td>
<td>0.120</td>
<td>0.065</td>
<td>0.093</td>
</tr>
</tbody>
</table>

Table 13: Factor Rankings—Manager v. Non-Manager
Figure 7: Comparison of Average Difference Amounts

**Comparison of Average Difference Amount**
*(Perception - Manager) v. (Non-Manager - Manager)*

<table>
<thead>
<tr>
<th>Difference Item</th>
<th>Total Difference Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Perception Minus Manager Rankings</td>
<td>0.577</td>
</tr>
<tr>
<td>Manager Minus Non-Manager Rankings</td>
<td>0.310</td>
</tr>
</tbody>
</table>

*Table 14: Comparison of Average Difference Amounts*
Figure 8: Factor Rankings—by Years of Service

Factor Rankings of Cultural Characteristics by Years of Service

![Bar chart showing factor rankings by years of service](image_url)

Table 15: Factor Rankings—by Years of Service

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>0 - 3</th>
<th>4 - 10</th>
<th>10+</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. willingness</td>
<td>1.622</td>
<td>1.174</td>
<td>1.227</td>
<td>1.422</td>
</tr>
<tr>
<td>B. principles</td>
<td>0.730</td>
<td>0.917</td>
<td>1.091</td>
<td>0.912</td>
</tr>
<tr>
<td>C. performance</td>
<td>0.324</td>
<td>0.500</td>
<td>0.364</td>
<td>0.396</td>
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<tr>
<td>D. communication</td>
<td>0.378</td>
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</tr>
<tr>
<td>E. integrity</td>
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<td>1.583</td>
<td>1.909</td>
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<td>F. teamwork</td>
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<td>0.864</td>
<td>1.166</td>
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<tr>
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<td>0.324</td>
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<td>K. evaluations</td>
<td>0.162</td>
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<td>0.000</td>
<td>0.054</td>
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</table>
Figure 9: Factor Rankings—by Previous Employment

![Factor Rankings of Cultural Characteristics by Previous Employment](image)

Table 16: Factor Rankings—by Previous Employment

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Community Bank</th>
<th>Big Bank</th>
<th>Other</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. willingness</td>
<td>1.571</td>
<td>1.500</td>
<td>1.326</td>
<td>1.466</td>
</tr>
<tr>
<td>B. principles</td>
<td>1.143</td>
<td>0.700</td>
<td>0.767</td>
<td>0.870</td>
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<tr>
<td>C. performance</td>
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<td>0.500</td>
<td>0.186</td>
<td>0.610</td>
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<td>0.200</td>
<td>0.512</td>
<td>0.571</td>
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<td>1.900</td>
<td>1.651</td>
<td>1.850</td>
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<td>F. teamwork</td>
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<td>0.950</td>
<td>0.977</td>
<td>0.642</td>
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<tr>
<td>G. empowerment</td>
<td>0.857</td>
<td>0.550</td>
<td>0.209</td>
<td>0.539</td>
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<td>H. process</td>
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<td>0.232</td>
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<td>I. pride</td>
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<td>0.400</td>
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<tr>
<td>J. celebrations</td>
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<td>0.000</td>
<td>0.070</td>
<td>0.023</td>
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<tr>
<td>K. evaluations</td>
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<td>0.000</td>
<td>0.116</td>
<td>0.039</td>
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</table>
Figure 10: Leadership Cultural Characteristic Rank Profile

Factor Rankings of Cultural Characteristics by Leadership Team
(Leadership Cultural Characteristic Rank Profile)

<table>
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<tr>
<th>Characteristic</th>
<th>Order in Rank</th>
<th>Rank</th>
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</thead>
<tbody>
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<td>A. willingness</td>
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<tr>
<td>B. principles</td>
<td>3</td>
<td>1.000</td>
</tr>
<tr>
<td>C. performance</td>
<td>4</td>
<td>0.600</td>
</tr>
<tr>
<td>D. communication</td>
<td>6</td>
<td>0.400</td>
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<tr>
<td>E. integrity</td>
<td>1</td>
<td>1.600</td>
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<tr>
<td>F. teamwork</td>
<td>7</td>
<td>0.200</td>
</tr>
<tr>
<td>G. empowerment</td>
<td>4</td>
<td>0.600</td>
</tr>
<tr>
<td>H. process</td>
<td>Not Ranked</td>
<td>0.200</td>
</tr>
<tr>
<td>I. pride</td>
<td>7</td>
<td>0.000</td>
</tr>
<tr>
<td>J. celebrations</td>
<td>Not Ranked</td>
<td>0.000</td>
</tr>
<tr>
<td>K. evaluations</td>
<td>Not Ranked</td>
<td>0.000</td>
</tr>
</tbody>
</table>

Table 17: Leadership Cultural Characteristics Rank Profile
Figure 11: Cultural Value Divergence v. Cultural Behavior Performance

Cultural Value Divergence v. Cultural Behavior Performance (self-assessed)

Figure 12: Cultural Value Divergence v. Job Performance

Cultural Value Divergence v. Job Performance (self-assessed)
Figure 13: Cultural Value Divergence—by Job Function

Cultural Value Divergence Amount by Job Function

- Other
- Operations
- Lending
- Administration

Divergence Amount (Rescaled to 0-10)

Figure 14: Cultural Value Divergence—by Previous Employment

Cultural Value Divergence Amount by Previous Employment

- Other
- Big Bank
- Community Bank

Divergence Amount (Rescaled to 0-10)
ENDNOTES

1 Here is a typical example: “The bottom line is that unified culture enhances profitability, because it gets the most out of people and assures that everyone is moving in the same direction and not at cross-purposes” (Bird, 1996, Online).

2 This summary is based extensively on conversations with, and e-mail correspondence from, the current President and CEO of Citizens Bank, Bill Humphreys.


4 This information is drawn from Alvesson (1993). I have not personally reviewed the surveys mentioned.

5 The weighted average methodology is borrowed from Nielsen, Trayler and Brown.

6 We will employ this convention throughout.

7 This organizational chart was provided by the current President and CEO Bill Humphreys in May 1999 and contained the following senior-level staff: Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief Lending Officer (CLO) and Chief Marketing Officer (CMO). These five positions were deemed to comprise the leadership team for our purposes. We feel this selection is defensible given the reality that the culture in this organization has been installed and promoted by senior management.

8 The line fitted to the data in both Figures 11 and 12 in Appendix C is a polynomial of order three. This is denoted by the term “Poly” in the legends.